

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

LANDS – Visakhapatnam District – Pedagantyada Mandal, Devada Village – Lands alienated to the Hinduja National Power Corporation Limited ( HNPCL) for setting up of a Power Project – Power Project not set up even after 10 years – Constituting a Committee to examine the facts and the issues involved – Orders – Issued.

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Revenue (Assignments.I) Department

G.O. Rt. No. 561

Dated 13<sup>th</sup> April, 2012.

Read the following:-

Letter No.5/PAC/2012-25, dated 12.4.2012 of the Secretary to State Legislature, A.P. – Hyderabad.

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**ORDER:-**

In the reference read above, the Secretary to State Legislature has informed that the Committee on Public Accounts at its meeting held on 10<sup>th</sup> April, 2012 has decided to obtain a Comprehensive Report and specific replies to the questionnaire on the audit para No. 3.4.14 – Power Project not set up even after 10 years contained in the Report of the C & AG of India ( Civil) for the year 2009-2010 pertaining to Revenue, Minorities and Energy Departments.

**2.** Further, the Secretary to State Legislature has informed that the PAC directed the Special CS and CCLA to constitute a Committee to examine the whole issue and submit a Comprehensive Report by 23<sup>rd</sup> April, 2012. PAC desired that the proposed Committee should be headed by CCLA and should comprise the Administrative Secretaries of the Departments of Revenue, Minorities Welfare, Energy, Law and CEO-AP Wakf Board. The Secretary State Legislature has also forwarded a Questionnaire relating to the above Audit Para.

**3.** In the light of the above, Government after careful examination of the matter hereby constitute the following Committee:

1	Special Chief Secretary Chief Commissioner of Land Administration, A.P. – Hyderabad	Chairman
2	Principal Secretary to Government, <b>Energy</b> Department	Member
3	Principal Secretary to Government, <b>Revenue</b> Department	Member
4	Secretary to Government, <b>Minorities Welfare</b> Department	Member
5	Secretary to Government, <b>Law</b> Department	Member
6	Chief Executive Officer, A.P. <b>Wakf Board</b> , Hyderabad	Member

**4.** The issues involved to be examined by the Committee are annexed to this G.O.

contd.2.

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**5.** The Committee shall examine each of the issues contained in the Annexure and furnish a comprehensive report to the Revenue Department on or before 20.4.2012.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ANIL CHANDRA PUNETHA  
PRINCIPAL SECRETARY TO GOVERNMENT

To  
The Special Chief Secretary and Chief Commissioner  
of Land Administration, AP Hyderabad.  
The Principal Secretary to Government, Energy Department  
The Principal Secretary to Government, Revenue Department  
The Secretary to Government, Minorities Welfare Department  
The Secretary to Government, Law Department.  
The Chief Executive Officer, A.P Wakf Board, Hyderabad.  
The G. A (Cabinet) Department  
(w.r.t item 7 (xix) of Annexure  
Copy to:  
The Collector – Visakhapatnam.  
The Secretary to State Legislature, AP Hyderabad.  
SF / SC

/ Forwarded :: By Order /

SECTION OFFICER

## **ANNEXURE**

G.O.Rt.No. Revenue (Assn.I) Department, dated .04.2012.

1. What were the terms and conditions governing the agreement with HNPCL when the land was allotted initially ?
  - (i) Have all these conditions been fulfilled by HNPCL ?
  - (ii) Has the agreement with HNPCL been revised subsequently? If so, what were the reasons for the revision and what were the conditions stipulated in the revised agreement ?
2. The project should have been completed within a period of 44 months from the date of financial closure. However, it was extended from time to time up to 31 March 2001.
  - (iii) What were the circumstances that necessitated these extensions?
  - (iv) Did the Government give further extension to HNPCL for setting up the project beyond March 2001 ?
    - a. If yes, the details may be furnished.
    - b. If not, what action was taken by the Government against HNPCL for non-compliance with contractual stipulations?
  - (v) What is the current status of the project ?
3. Since HNPCL had not set up the power plant, in 2007, APGENCO/NTPC requested the Government to allot this land to them for the purpose of power generation. Requests were also made to the Government by APTRANSCO for inviting open bids from private companies to fetch competitive lower power tariffs as against the supply of power by HNPCL on non-competitive rates. NTPC had also requested the Government to provide part of this land for expansion of Simhadri Extension project. However, these options were not explored by the Government.
  - (vi) What were the reasons for not exploring the above options by the Government and non-resumption of land from HNPCL despite its failure to comply with the terms of agreement?
4. As per the Legal advice obtained by the Government in June 2005, there was a gross breach of contract by HNPCL since it had not paid the cost of land in full to the Government and had also not fulfilled the condition of financial closure within the stipulated time and therefore, the contract with HNPCL was no longer valid and deemed to have been closed. This advice was however, ignored by the Government .
  - (vii) What were the specific reasons for ignoring the legal advice?
  - (viii) Why was the land not resumed despite violation of the terms of agreement by HNPCL?
5. In February 2004 the A.P. High Court decreed that the title of the land allotted to HNPCL belonged to the Wakf Board. However, four years later, in March 2008, Government directed the Wakf Board to sell the land to HNPCL, at rates prevailing in 1999 ( when the land was initially alienated to HNPCL). The Wakf Board accordingly sold the land to HNPCL in April 2008 at old rates (1999) for a total consideration of Rs.47.55 crore as against the prevailing market value of RS.224.47 crore.
  - (ix) Whether Government is empowered to direct the Wakf Board to allot Wakf lands to private parties ?

- (x) What were the reasons for allotment of land to HNPCL without public auction, although Section 51 of the A.P Wakf Act stipulates that sale of property is to be effected only through public auction?
  - (xi) What were the reasons for non-resumption of the land and selling the land to the same party at the rates prevailing in 1999?
6. On 1<sup>st</sup> September 2010 HNPCL offered to surrender about 500 acres of unutilized land to the Wakf Board. On 7<sup>th</sup> September 2010, the Minorities Welfare Department requested the Wakf Board to place the matter before the Wakf Board. The Wakf Board in the meanwhile rejected the offer of HNPCL on 5<sup>th</sup> September 2010.
- (xii) What were the reasons that compelled the Wakf Board to reject the offer of HNPCL?
  - (xiii) Did the Wakf Board take Government's approval for rejecting the proposal?
  - (xiv) Was the Wakf Tribunal involved in the decision to reject the offer of HNPCL?
7. The CMD, APTRANSCO informed the PAC on 15<sup>th</sup> February 2012 that, as per the initial agreement, 100 per cent power generated by HNPCL was to be given to the State. However, this agreement had lapsed in 2001 and as per the new agreement entered in the year 2007, only 25 percent of the power generated will be given to the State at the rates offered by NTPC Simhadri Extension Project Stage-II and with regard to the remaining 75 per cent of power generated by HNPCL, the State Government is required to participate in the bids (case 2 bidding).
- (xv) When and why was the initial PPA revised?
  - (xvi) What were the reasons for accepting only 25 per cent of power to the State when the land was given to the company at old rates?
  - (xvii) How was the HNPCL allowed to construct merchant plant ignoring the interests of the State?
  - (xviii) What benefits ultimately accrue to the State in the allotment of 1122.38 acres of valuable land in Visakhapatnam to HNPCL?
  - (xix) Cabinet Resolutions relating to HNPCL may be provided.
8. PAC has been informed by the CEO, AP Wakf Board that the land is under dispute and is pending in the court of Law.
- (xx) How is the company ( HNPCL) going ahead with construction of Power Plant when the issue is stated to be pending in the Court of law ?
  - (xxi) What is the present status of the case in the Court of law?
  - (xxii) Which Department in Government is following up with the case in the Court?
  - (xxiii) What are the options before the Government to resume the land allotted to HNPCL, since it failed to comply with the conditions of the contract?

ANIL CHANDRA PUNETHA  
PRINCIPAL SECRETARY TO GOVERNMENT

Section Officer